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PATENT APPLICATION

014208.1388 (70-00-005)

09/800,535



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: Gavin A. Grounds
Serial No.: 09/800,535
Filed: March 6, 2001
Group No.: 3625
Examiner: Yogesh C. Garg
Title: METHOD AND APPARATUS FOR PROCESSING
FINANCIAL TRANSACTIONS

Mail Stop Appeal Brief - Patents
Commissioner for Patents
PO Box 1450
Alexandria, VA 22313-1450

Dear Sir:

CERTIFICATE OF MAILING BY EXPRESS MAIL

I hereby certify that the enclosed Appeal Brief with attached Appendix A (Claims on Appeal), Appendix B (Ronen), and Appendix C (Weber) filed in triplicate (190 pages), Baker Botts return postcard (1 postcard), and this Certificate of Mailing are being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on this 16th day of September 2004, addressed to the Commissioner for Patents, PO Box 1450, Alexandria, VA 22313-1450.

Willie Jiles
Willie Jiles

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No. EV 473959488 US



**In the United States Patent and Trademark Office
on Appeal from the Examiner to the Board
of Patent Appeals and Interferences**

In re Application of:	Gavin A. Grounds
Serial No.:	09/800,535
Filed:	March 6, 2001
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Title:	METHOD AND APPARATUS FOR PROCESSING FINANCIAL TRANSACTIONS

MAIL STOP APPEAL BRIEF - PATENT
Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Sir:

Appeal Brief

Appellant has appealed to the Board of Patent Appeals and Interferences ("Board") from the decision of the Examiner mailed April 8, 2004, finally rejecting all pending Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59. Appellant filed a Notice of Appeal on August 8, 2004. Appellant respectfully submits this Appeal Brief in triplicate with the statutory fee of \$330.00.

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Real Party In Interest

This Application is currently owned by Electronic Data Systems Corporation as indicated by an Assignment recorded on March 6, 2001, in the Assignment Records of the United States Patent and Trademark Office ("PTO") at Reel 011640, Frame 0158 (2 pages).

Related Appeals and Interferences

To the knowledge of Appellant's counsel, there are no known appeals or interferences that will directly affect or be directly affected by or have a bearing on the Board's decision regarding this Appeal.

Status of Claims

Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 are pending in this Application, stand rejected pursuant to a final Office Action mailed April 8, 2004 (the "Final Office Action") and an Advisory Action mailed July 20, 2004 (the "Advisory Action"). Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 are all presented for appeal and are set out in Appendix A attached hereto.

Status of Amendments

All amendments submitted by Appellant have been entered by the Examiner.

Summary of Invention

The present invention is useful in the context of a system for processing financial transactions, but is not limited to such applications. (Page 3, lines 2-4). Specifically, in certain embodiments, the present invention provides a method and apparatus utilizing a decreased number of exchanges of information in authorizing certain financial transactions while at the same time providing protection for merchants from invalid financial transactions. (Page 3, lines 4-7).

In particular embodiments, system 10 includes a customer 20, a merchant 30, a transaction controller 40, a validation authority 50, a merchant financial institution 60, a financial transaction interchange 70, and a customer financial institution 80, which comprise the components for a financial transaction in system 10. (Page 6, lines 3-7). As disclosed

with regard to Figure 1, the components of system 10 may be humans, physical structures, and/or machines, such as computers. (Page 6, lines 7-9; Figure 1). In other embodiments, all of the components may have or be computers. (Page 11, lines 12-13; Figure 2).

In operation, merchant 30 provides information regarding the goods and/or services that it has available to customer 20. (Page 6, lines 15-16). Customer 20 then selects the desired goods and/or services and selects a desired payment option. (Page 6, lines 16-20). If customer 20 selects a payment form other than cash, merchant 30 may have to validate the transaction information, such as, for example, the account identifier of the account being used to pay for the transaction and the amount of the purchase, before providing the goods and/or services to customer 20. (Page 6, lines 20-23). To validate the transaction, merchant 30 sends a financial transaction request, which may include at least part of the transaction information, such as the account identifier and the amount of the financial transaction, to transaction controller 40 which then forwards part of the information in the financial transaction request, such as the account identifier, to validation authority 50 as a validation request. (Page 6, lines 23-29). Validation authority 50 determines whether customer 20 is valid by, for example, examining the account identifier to determine whether it is associated with an account that is in good standing and/or determining whether customer 20 is an authorized user of the account. (Page 6, line 30 through Page 7, line 2). After determining the validity of customer 20, validation authority 50 sends a validation response to transaction controller 40. (Page 7, lines 2-4).

Upon determining that customer 20 is valid, transaction controller 40 determines whether the financial transaction requested involves a "micro-payment." (Page 7, lines 10-11). A micro-payment may be an amount that merchant 30 and merchant financial institution 60 have previously agreed will not require authorization for merchant 30 to be protected if the financial transaction is invalid, perhaps due to the account identifier being associated with a stolen credit card. (Page 7, lines 12-15). Accordingly, if the financial transaction involves a micro-payment, transaction controller 40 generates an authorization message indicating that the financial transaction is authorized and sends the message to merchant 30, who then provides the goods and/or services to customer 20. (Page 7, lines 15-19). Transaction controller 40 additionally stores at least part of the transaction information, such as, for

example, the account identifier, the time the financial transaction was initiated, and the amount of the financial transaction, for later settlement. (Page 7, lines 19-22). If, however, the financial transaction does not involve a micro-payment, transaction controller 40 generates an authorization request and sends it to merchant financial institution 60. (Page 7, lines 22-24). Further steps are then required to determine whether the financial transaction is authorized. (See generally, Page 7, line 27 through Page 8, line 26).

In general, whether a financial transaction involves micro-payments could be based on a variety of factors, such as, for example, the amount of the financial transaction, the frequency of such transactions, and/or the identity of customer 20. (Page 9, lines 3-5). The rules for determining whether a financial transaction involves a micro-payment may be established between merchant 30 and merchant financial institution 60 and then implemented by transaction controller 40. (Page 9, lines 6-8). The present invention has several technical features and advantages. (Page 9, lines 17-18). For example, by allowing at least some financial transactions to be authorized after relatively few exchanges of information, system 10 allows these financial transactions to be authorized in a shorter amount of time, which may be psychologically and financially beneficial to customers and merchants. (Page 9, lines 18-21). As another example, by allowing these financial transactions to be authorized after relatively few exchanges of information, system 10 allows these financial transactions to be authorized relatively inexpensively, which should reduce the cost merchants incur in providing goods and/or service and may allow new areas of commerce to emerge, especially in the sale or license of digital media, such as songs and/or videos. (Page 9, lines 21-26).

Statement of Issues

Are Claims 1-2, 4-6, 8-27, 29-46, 48, 50, and 52-59 patentable over U.S. Patent 5,905,736 issued to Ronen et al. ("*Ronen*") in view of U.S. Patent No. 5,889,863 issued to Weber ("*Weber*") under 35 U.S.C. § 103(a)?

Grouping of Claims

Appellant has made an effort to group claims to reduce the burden on the Board. Appellant has concluded that all claims may be grouped together for purposes of this appeal.

Argument

The rejection of Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 under 35 U.S.C. § 103(a) as being unpatentable over *Ronen* in view of *Weber* is improper and should be reversed by the Board.

I. Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 are Clearly Patentable over the proposed *Ronen-Weber* Combination.

A. Overview

Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over *Ronen* in view of *Weber*. A copy of *Ronen* is provided in Appendix B, and a copy of *Weber* is provided in Appendix C. Appellant respectfully submits that the proposed *Ronen-Weber* combination fails to disclose, teach, or suggest limitations recited in Appellant's Claims. Appellant further submits that even if the references did not fail to disclose, teach, or suggest each and every limitation recited in Appellant's claims, then the *Ronen-Weber* combination would still be improper because the Examiner has not provided a sufficient teaching, suggestion, or motivation in the prior art to make the proposed combination. Appellant further respectfully submits that the Examiner has used improper hindsight reconstruction to make the proposed *Ronen-Weber* combination, which the M.P.E.P. and the governing Federal Circuit case law clearly prohibit. Appellant respectfully submits that these rejections are improper and should be reversed by the Board.

B. Standard

The question raised under 35 U.S.C. § 103 is whether the prior art taken as a whole would suggest the claimed invention taken as a whole to one of ordinary skill in the art at the time of the invention. *See* 35 U.S.C. § 103(a). Accordingly, even if all elements of a claim are disclosed in various prior art references, which is certainly not the case here as discussed below, the claimed invention taken as a whole cannot be said to be obvious without some reason given in the prior art why one of ordinary skill in the art at the time of the invention would have been prompted to modify the teachings of a reference or combine the teachings of multiple references to arrive at the claimed invention.

The M.P.E.P. sets forth the strict legal standard for establishing a *prima facie* case of obviousness based on modification or combination of prior art references. “To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references where combined) must teach or suggest all the claim limitations.” M.P.E.P. § 2142, 2143. The teaching, suggestion or motivation for the modification or combination and the reasonable expectation of success must both be found in the prior art and cannot be based on an applicant’s disclosure. *See Id.* (citations omitted). “Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge generally available to one of ordinary skill in the art” at the time of the invention. M.P.E.P. § 2143.01. Even the fact that references *can* be modified or combined does not render the resultant modification or combination obvious unless the prior art teaches or suggests the desirability of the modification or combination. *See Id.* (citations omitted). Moreover, “To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. All words in a claim must be considered in judging the patentability of that claim against the prior art.” M.P.E.P. § 2143.03 (citations omitted).

The governing Federal Circuit case law makes this strict legal standard even more clear.¹ According to the Federal Circuit, “a showing of a suggestion, teaching, or motivation to combine or modify prior art references is an essential component of an obviousness holding.” *In re Sang-Su Lee*, 277 F.3d 1338, 1343, 61 U.S.P.Q.2d 1430, 1433 (Fed. Cir. 2002) (quoting *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 U.S.P.Q.2d 1456, 1459 (Fed. Cir. 2000)). “Evidence of a suggestion, teaching, or motivation . . . may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, the nature of the problem to be solved.” *In re Dembiczak*, 175 F.3d 994, 999, 50 U.S.P.Q.2d 1614, 1617 (Fed. Cir. 1999). However, the “range of sources available . . . does not diminish the requirement for actual evidence.” *Id.*

¹ Note M.P.E.P. 2145 X.C. (“The Federal Circuit has produced a number of decisions overturning obviousness rejections due to a lack of suggestion in the prior art of the desirability of combining references.”).

Although a prior art device “may be capable of being modified to run the way the apparatus is claimed, there must be a suggestion or motivation in the reference to do so.” *In re Mills*, 916 F.2d at 682, 16 U.S.P.Q.2d at 1432. *See also In re Rouffet*, 149 F.3d 1350, 1357, 47 U.S.P.Q.2d 1453, 1457-58 (Fed. Cir. 1998) (holding a *prima facie* case of obviousness not made where the combination of the references taught every element of the claimed invention but did not provide a motivation to combine); *In Re Jones*, 958 F.2d 347, 351, 21 U.S.P.Q.2d 1941, 1944 (Fed. Cir. 1992) (“Conspicuously missing from this record is any evidence, other than the PTO’s speculation (if that can be called evidence) that one of ordinary skill in the herbicidal art would have been motivated to make the modification of the prior art salts necessary to arrive at” the claimed invention.). Even a determination that it would have been obvious to one of ordinary skill in the art at the time of the invention to try the proposed modification or combination is not sufficient to establish a *prima facie* case of obviousness. *See In re Fine*, 837 F.2d 1071, 1075, 5 U.S.P.Q.2d 1596, 1599 (Fed. Cir. 1988).

In addition, the M.P.E.P. and the Federal Circuit repeatedly warn against using an applicant’s disclosure as a blueprint to reconstruct the claimed invention. For example, the M.P.E.P. states, “The tendency to resort to ‘hindsight’ based upon applicant’s disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.” M.P.E.P. § 2142. The governing Federal Circuit cases are equally clear. “A critical step in analyzing the patentability of claims pursuant to [35 U.S.C. § 103] is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted wisdom in the field. . . . Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one ‘to fall victim to the insidious effect of a hindsight syndrome wherein that which only the invention taught is used against its teacher.’” *In re Kotzab*, 217 F.3d 1365, 1369, 55 U.S.P.Q.2d 1313, 1316 (Fed. Cir. 2000) (citations omitted). In *In re Kotzab*, the Federal Circuit noted that to prevent the use of hindsight based on the invention to defeat patentability of the invention, the court requires the Examiner to show a motivation to combine the references that create the case of obviousness. *See id.* *See also, e.g., Grain Processing Corp. v. American Maize-Products*, 840 F.2d 902, 907, 5 U.S.P.Q.2d 1788, 1792

(Fed. Cir. 1988). Similarly, in *In re Dembiczak*, the Federal Circuit reversed a finding of obviousness by the Board, explaining that the required evidence of such a teaching, suggestion, or motivation is essential to avoid impermissible hindsight reconstruction of an applicant's invention:

Our case law makes clear that the best defense against the subtle but powerful attraction of hind-sight obviousness analysis is *rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references*. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability—the essence of hindsight.

175 F.3d at 999, 50 U.S.P.Q.2d at 1617 (emphasis added) (citations omitted).

C. The Ronen Reference

Ronen discloses “a method for performing centralized billing for transactions conducted over the Internet between a user and an Internet Service Provider (ISP) (106) through an Internet Access Provider (IAP) (104).” (Abstract). “In response to a chargeable transaction with an ISP, the ISP transmits to the billing platform the IP address of the user making the transaction and the charge for the transaction.” (Column 2, lines 13-16). “The charges for all such transactions are accumulated by a transaction server (109) and stored in an account on an associated database (110) identified with the IP address of the requesting terminal.” (Abstract). “The billing server then cross-references the IP address associated with the cost of the transaction received from the ISP with the IP-addresses/user-identity relationship received from the IAP to properly charge an established account of the user for the transaction.” (Column 2, lines 16-20). “This account will likely be established by the user prior to the execution of the transaction for billing in a predetermined manner to, for example, a user's selected credit card, a user's debit card, a user's telephone account associated with his or her phone number, a user's merchant credit card, or other billing mechanism.” (Column 2, lines 21-26). “Billing to a particular credit card, debit card, merchant credit card, etc., can be selectively determined, for example, by the type of transaction, the amount of the transaction, the identity of the provider, or a combination of any of those.” (Column 2, lines 26-30).

D. The Weber Reference

Weber discloses “[a]n architecture that provides a server that communicates bidirectionally with a client over a first communication link, over which service requests flow to the server for one or more merchants and/or consumers.” (Abstract). “Service requests are associated with a particular merchant based on storefront visited by a consumer or credentials presented by a merchant.” (Abstract). “Service requests result in merchant specific transactions that are transmitted to the gateway for further processing on existing host applications.” (Abstract). Figures 4 and 5 depict details regarding a payment authorization request. (Column 15, lines 59-62). A “merchant computer system 130 creates a basic authorization request 510” which “includes all the information for determining whether a request should be granted or denied.” (Column 15, lines 62-66). “Specifically, it includes such information as the party who is being charged, the amount to be charged, the account number of the account to be charged, and any additional data, such as passwords, needed to validate the charge.” (Column 15, Line 66 through Column 16, Line 3).

E. Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59

Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over *Ronen* in view of *Weber*.² Appellant respectfully submits that Claims 1, 2, 4-6, 8-46, 48, 50, and 52-59 are clearly patentable over the proposed *Ronen-Weber* combination.

1. Even when combined, the references clearly fail to disclose, teach, or suggest limitations recited in the claims

Appellant respectfully submits that the proposed *Ronen-Weber* combination does not disclose, teach, or suggest each and every element recited in Applicant’s claims. For example, independent Claim 1, as amended, recites an apparatus for processing financial transactions that includes:

² The Examiner actually rejected Claims 14, 28, 42, 54-57, and 59 under 35 U.S.C. § 103(a) as being unpatentable over *Ronen* in view of *Weber* and U.S. Patent No. 6,138,107 issued to Elgamal (“*Elgamal*”). Claims 14, 28, 42, 54-57, and 59 are dependent Claims and, thus, incorporate the features of their respective independent claims. As explained below, it is Appellant’s position that the independent claims are allowable over the cited references. Accordingly, Appellant has grouped Claims 14, 28, 42, 54-57, and 59 together with the independent Claims and chosen not to argue Claims 14, 28, 42, 54-57, and 59 separately.

a memory operable to store information and a program, the memory further operable to store a first message indicating the making of a financial transaction, the first message including customer information and transaction information; and

a processor coupled to the memory, the processor, according to the program, operable to:

determine the validity of the customer information, generate a second message indicating non-authorization of the financial transaction if the customer information is invalid,

determine whether the financial transaction involves a micro-payment if the customer information is valid,

cause at least part of the transaction information to be stored in an information storage device for future use and generate a third message indicating authorization of the financial transaction if the financial transaction involves a micro-payment, and

generate an authorization request if the financial transaction does not involve a micro-payment.

Thus, Claim 1 recites a processor which is operable to "determine whether the financial transaction involves a micro-payment," and to then handle the transaction in two different ways, depending on whether or not it was determined that the transaction involves a micro-payment. Specifically, if the financial transaction involves a micro-payment, the processor is operable to "generate a third message indicating authorization of the financial transaction." On the other hand, if the financial transaction does not involve a micro-payment, the processor is operable to "generate an authorization request." While other actions could be taken based upon whether a micro-payment is involved, the claims at least recite: 1) generating an authorization request if no micro-payment is involved and 2) generating a message indicating authorization of the transaction if a micro-payment is involved.

In the Office Action, the Examiner relies on *Ronen* for disclosure of "determin[ing] whether the financial transaction involves a micro-payment" and "generat[ing] a third message indicating authorization of the financial transaction if the financial transaction involves a micro-payment." *Ronen*, however, merely discloses a system for centralized billing. *Ronen* discloses that "[t]he user, in availing him or herself of the centralized billing functionality, first establishes a desired billing mechanism with a billing mechanism." (Column 4, lines 1-3). To establish the billing mechanism, "the user provides his or her selected choices for how charges for transactions on the Internet are to be billed." (Column

4, lines 22-24). “These choices may include a specific credit card, an account associated with a telephone number, or a debit account to be billed.” (Column 4, lines 24-26).

Once the user has established the billing mechanism, *Ronen* discloses that “the user may interact with any desired ISP(s) to complete one or more transactions.” The authorization process is described at Column 5, Line 45 through Column 6, Line 3 of *Ronen*. Specifically, *Ronen* suggests that as long as an “entry exists for the ISP [sic IP] address of the initiating user” and a “billing mechanism is in place, ISP 106 is signaled over the secured link, to authorize the transaction.” (Column 5, lines 61-66). “Once the transaction is completed by ISP 106, transaction server 109 is signaled by ISP 106 to bill the account associated with the IP address for the specific charges associated with the transaction.” (Column 5, Line 67 through Column 6, Line 3). Thus, the authorization mechanism disclosed in *Ronen* seems to handle all authorizations in the same manner for all transactions. Moreover, authorization is given based upon having a billing mechanism in place and having an entry in a database. There is no suggestion that any criteria concerning the amount of the payment has any effect on the authorization mechanism.

Additionally, Applicant respectfully submits that the charges for information services disclosed in Table 1 of *Ronen* are not equivalent to Applicant’s micro-payments as the Examiner suggests. (Office Action, page 6). While *Ronen* allows a user to designate different accounts for payment based upon the amount of the transaction (Column 2, lines 16-30), the designations are merely used to select the appropriate account to be authorized and charged. The passages from *Ronen* cited in the previous paragraph indicate that there is no difference in the authorization process. In fact, *Ronen* teaches that a user's account is billed after the user terminates his session with an IAP. (Column 6, lines 12-51). The fact that a user's telephone account can be billed for certain charges similarly does not teach any differing treatment of authorization for micro-payments. One of ordinary skill would understand that charges to a telephone number would generally require authorization. Otherwise, the newspapers would be filled with stories of thieves who signed up for telephone number billing and charged thousands of dollars of items to the phone number and then disappeared.

Furthermore, Applicant respectfully submits that the deficiencies of *Ronen* are not made up for by the disclosure of *Weber*. *Weber* also does not disclose a system that handles authorization of a transaction differently based upon whether a micro-payment is involved. To the contrary, the cited passages of *Weber* merely disclose the “detailed steps of generating and transmitting a payment authorization request.” (Column 15, lines 59-60). Thus, a “merchant computer system 130 creates a basic authorization request 510 . . . that includes all the information for determining whether a request should be granted or denied.” (Column 15, lines 62-66). “Specifically, it includes such information as the party who is being charged, the amount to be charged, the account number of the account to be charged, and any additional data, such as passwords, needed to validate the charge.” (Column 15, Line 66 through Column 16, Line 3). *Weber* further discloses that the authorization request is transmitted to a payment gateway computer system, which processes the payment authorization request, generates a payment authorization response and transmits it back to the merchant’s computer system. (Column 15, lines 46-52). Accordingly, *Weber* is limited to a system that allows the merchant computer system to determine in a conventional manner “whether payment for the goods or services sought to be obtained by the customer has been authorized.” (Column 15, lines 52-56).

For at least these reasons, Applicant submits that neither *Ronen*, *Weber*, nor their combination disclose, teach, or suggest a processor operable to “determine whether the financial transaction involves a micro-payment” and “generate a third message indicating authorization of the financial transaction if the financial transaction involves a micro-payment,” as recited in Applicant’s Claim 1. Accordingly, Applicant respectfully requests reconsideration and allowance of Claim 1.

Independent Claims 19, 33, and 48 also recite an invention in which an authorization process handles authorization of a transaction differently based upon whether a micro-payment is involved. Accordingly, for reasons similar to those discussed above with regard to Claim 1, Applicant respectfully submits that neither *Ronen*, *Weber*, nor their combination teach each and every element recited in Applicant’s Claims 19, 33, and 48. Claims 2, 4-6, 8-18, and 55 depend directly or indirectly upon Claim 1. Claims 20-46 and 56-57 depend directly or indirectly upon Claim 33. Claims 50, 52-54, and 58-59 depend directly or

indirectly upon Claim 48. Thus, for the same reasons that independent Claims 1, 19, 33, and 48, these dependent claims are also allowable.

2. The proposed combination of references is improper

With respect to the Examiner's proposed combination of *Weber* with *Ronen*, the Examiner has not shown anything in *Ronen*, *Weber*, or in the knowledge generally available to those of ordinary skill in the art at the time of the invention that would have taught, suggested, or motivated one of ordinary skill in the art at the time of the invention to combine these references in the manner the Examiner proposes. As discussed above, even if all elements of a claim are disclosed in various prior art references, which is certainly not the case here as discussed above, the claimed invention taken as a whole cannot be said to be obvious without some reason given in the prior art why one of ordinary skill in the art at the time of the invention would have been prompted to modify the teachings of a reference or combine the teachings of multiple references to arrive at the claimed invention. To avoid burdening the Board, Appellant has chosen not to repeat the entirety of Section I.B. here. Appellant trusts the Board is fully aware of the strict legal standard the Examiner must satisfy. The mere possibility that the teachings of one reference -- *Weber* -- might improve the teachings of another reference -- *Ronen* --, as the Examiner asserts, does not even remotely provide the required teaching, suggestion, or motivation to combine these references.

The Examiner's summary conclusion at page 7 of the Final Office Action that it would have been obvious to a person of ordinary skill in the art at the time of Appellant's invention to "have modified *Ronen* to incorporate the feature of generating an authorization request if the financial transactions are for larger payments through credit and debit cards larger than micro-payments which are a couple of dollars and/or cents as per a pre-defined threshold corresponding to the charges for information services in *Ronen*" is not supported by any teaching, suggestion, or motivation in *Ronen*, *Weber*, or knowledge generally available to those of ordinary skill in the art at the time of Appellant's invention. Although the Examiner states that doing so allows for the assessment of the transaction risk and confirmation that the payment involved does not raise the account holder's debt above the account card's limit or an existing balance debit card payment (Final Office Action, page 7), the Examiner's

conclusory statement is mere speculation and does not provide the suggestion or motivation necessary to make the proposed *Ronen-Weber* combination. Since the Examiner has not provided a sufficient teaching, suggestion, or motivation in the prior art, the Examiner's conclusion of obviousness is improper under the M.P.E.P. and governing Federal Circuit case law.

Furthermore, even if the proposed *Ronen-Weber* combination is proper, which Applicant disputes, the proposed combination would not result in Applicant's claimed invention. To the contrary, because neither reference discloses handling authorization of a transaction differently based upon whether a micro-payment is involved, a modification of the centralized billing system disclosed in *Ronen* to include the authorization process disclosed in *Weber* merely results in a system that allows consumers to pre-define methods for paying for items purchased online with authorization for each type of transaction. As disclosed in *Ronen*, such a system might allow a consumer to purchase an item using a pre-defined method of payment. Upon selecting an item, the appropriate account would be authorized as disclosed in *Weber* and charged. Thus, the proposed combination would not result in Applicant's claimed invention as there is no differentiated treatment of authorization based upon the amount of the transaction.

3. The Examiner has used improper hindsight reconstruction

In making the proposed *Ronen-Weber* combination, the Examiner simply relies upon hindsight. Appellant respectfully submits that the M.P.E.P. and governing Federal Circuit case law summarized above clearly prohibit the hindsight reconstruction the Examiner has employed in making these rejections. To reiterate the pronouncement of the Federal Circuit provided in Section I.B. above:

Our case law makes clear that the best defense against the subtle but powerful attraction of hind-sight obviousness analysis is *rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references*. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability—the essence of hindsight.

175 F.3d at 999, 50 U.S.P.Q.2d at 1617 (emphasis added) (citations omitted). Appellant respectfully submits that the Examiner has employed the type of hindsight reconstruction explicitly forbidden by the M.P.E.P. and Federal Circuit.

For at least these reasons, the Examiner failed to show that the *Ronen-Weber* combination discloses, teaches, or suggests limitations specifically recited in independent Claims 1, 19, 33, and 48. Independent Claims 1, 19, 33, and 48 and their respective dependent claims are therefore patentable over the *Ronen-Weber* combination. Appellant respectfully submits that these rejections are improper and should be reversed by the Board.

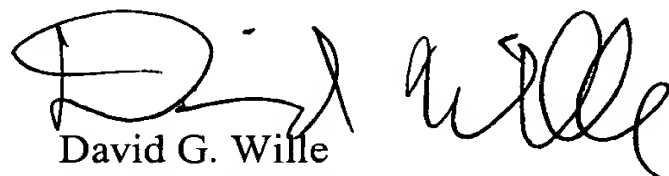
Conclusion

Appellant has demonstrated that the present invention, as claimed, is clearly distinguishable over the prior art cited by the Examiner. Therefore, Appellant respectfully requests the Board to reverse the final rejections and instruct the Examiner to issue a Notice of Allowance with respect to all pending claims.

The Commissioner is hereby authorized to charge \$330.00 for this Appeal Brief to Deposit Account No. 05-0765 of Electronic Data Systems Corporation. Although Applicants believe no other fees are due, the Commissioner is hereby authorized to charge any fees or credit any overpayments to Deposit Account No. 05-0765 of Electronic Data Systems Corporation.

Respectfully submitted,

BAKER BOTTS L.L.P.
Attorneys for Appellant


David G. Wille
Reg. No. 38,363

Date: September 16, 2004

Correspondence Address:

Customer Number: **35005**

IN THE CLAIMS:

1. (Previously Presented) An apparatus for processing financial transactions, comprising:

a memory operable to store information and a program, the memory further operable to store a first message indicating the making of a financial transaction, the first message including customer information and transaction information; and

a processor coupled to the memory, the processor, according to the program, operable to:

determine the validity of the customer information,

generate a second message indicating non-authorization of the financial transaction if the customer information is invalid,

determine whether the financial transaction involves a micro-payment if the customer information is valid,

cause at least part of the transaction information to be stored in an information storage device for future use and generate a third message indicating authorization of the financial transaction if the financial transaction involves a micro-payment, and

generate an authorization request if the financial transaction does not involve a micro-payment.

2. (Original) The apparatus of Claim 1, further comprising a communication interface adapted to be coupled to a communication link and coupled to the memory, the communication interface operable to receive information from and send information over the communication link.

3. (Cancelled)

4. (Original) The apparatus of Claim 1, wherein:
the customer information comprises a digital certificate; and
the transaction information comprises the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier.

5. (Original) The apparatus of Claim 4, wherein the customer account identifier represents a credit card account.

6. (Original) The apparatus of Claim 4, wherein the digital certificate complies with X.509.

7. (Cancelled)

8. (Original) The apparatus of Claim 1, wherein the processor is further operable to determine whether the customer information is in an appropriate format and is associated with an account that is in good standing to determine the validity of the customer information.

9. (Original) The apparatus of Claim 1, wherein the processor is further operable to generate a validation request based on the customer information, receive a validation response indicating the validity of the customer information, and analyze the validation response to determine the validity of the customer information.

10. (Previously Presented) The apparatus of Claim 1, wherein the processor effects the determination of whether the financial transaction involves a micro-payment as a function of at least one of: whether the amount of the financial transaction is below a predetermined threshold, a frequency of such financial transactions, and an identity of the customer.

11. (Original) The apparatus of Claim 1, wherein the processor is further operable to instruct the memory to store the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier to instruct the memory to store at least part of the transaction information.

12. (Original) The apparatus of Claim 1, wherein the processor is further operable to instruct the memory to store, in a buffer, at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment.

13. (Original) The apparatus of Claim 1, wherein the processor is further operable to generate a fourth message to settle the financial transaction based on the stored part of the transaction information.

14. (Original) The apparatus of Claim 13, wherein the processor generates the fourth message at a designated time.

15. (Original) The apparatus of Claim 1, wherein:
the first message includes merchant information; and
the processor is further operable to determine whether the merchant information is valid, generate the second message if the merchant information is invalid, and determine whether the financial transaction involves a micro-payment only if the merchant information is valid.

16. (Original) The apparatus of Claim 15, wherein the merchant information comprises a digital certificate.

17. (Original) The apparatus of Claim 15, wherein the processor is further operable to instruct the memory to store, in a buffer, at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment and is associated with the merchant information.

18. (Original) The apparatus of Claim 17, wherein the processor is further operable to generate a fifth message to settle all of the financial transactions based on the part of the transaction information stored for each financial transaction in the buffer.

19. (Previously Presented) A method for processing financial transactions, comprising:

receiving a first message indicating the making of a financial transaction, the first message including customer information and transaction information;

determining the validity of the customer information;

generating a second message indicating non-authorization of the financial transaction if the customer information is invalid;

determining in an automated manner whether the financial transaction involves a micro-payment if the customer information is valid;

if the financial transaction involves a micro-payment:

storing at least part of the transaction information, and

generating a third message indicating authorization of the financial transaction; and

if the financial transaction does not involve a micro-payment, generating an authorization request.

20. (Original) The method of Claim 19, wherein receiving a first message including transaction information comprises receiving the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier.

21. (Original) The method of Claim 20, wherein the customer account identifier represents a credit card account.

22. (Original) The method of Claim 19, wherein:
the customer information comprises a digital certificate; and
determining the validity of the customer information comprises determining the validity of the digital certificate.

23. (Original) The method of Claim 19, wherein determining the validity of the customer information comprises generating a validation request based on the customer information, receiving a validation response indicating the validity of the customer information, and analyzing the validation response.

24. (Previously Presented) The method of Claim 19, wherein the determining of whether the financial transaction involves a micro-payment is effected as a function of at least one of: whether the amount of the financial transaction is below a predetermined threshold, a frequency of such financial transactions, and an identity of the customer.

25. (Original) The method of Claim 19, wherein storing at least part of the transaction information comprises storing the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier.

26. (Original) The method of Claim 19, further comprising storing at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment.

27. (Original) The method of Claim 19, further comprising generating a fourth message to settle the financial transaction based on the stored part of the transaction information.

28. (Original) The method of Claim 27, wherein generating a fourth message to settle the financial transaction comprises generating the fourth message at a designated time.

29. (Original) The method of Claim 19, wherein the first message includes merchant information, and further comprising:

determining the validity of the merchant information;
generating the second message if the merchant information is invalid; and
determining whether the financial transaction involves a micro-payment only if the merchant information is valid.

30. (Original) The method of Claim 29, wherein the merchant information comprises a digital certificate.

31. (Original) The method of Claim 29, further comprising storing, in a buffer, at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment and is associated with the merchant information.

32. (Original) The method of Claim 31, further comprising generating a fifth message to settle all of the financial transactions based on the part of the transaction information stored for each financial transaction in the buffer.

33. (Original) A set of logic encoded in media for processing financial transactions, the logic operable to perform the following operations:

- detect the reception of a first message indicating the making of a financial transaction, the first message including customer information and transaction information;

- determine the validity of the customer information;

- generate a second message indicating non-authorization of the financial transaction if the customer information is invalid;

- determine whether the financial transaction involves a micro-payment if the customer information is valid;

- if the financial transaction involves a micro-payment:

- instruct a memory to store at least part of the transaction information, and

- generate a third message indicating authorization of the financial transaction;

and

- if the financial transaction does not involve a micro-payment, generate an authorization request.

34. (Original) The logic of Claim 33, wherein the transaction information includes the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier.

35. (Original) The logic of Claim 34, wherein the customer account identifier represents a credit card account.

36. (Original) The logic of Claim 33, wherein:

- the customer information comprises a digital certificate; and

- the logic is further operable to determine the validity of the digital certificate to determine the validity of the customer information.

37. (Original) The logic of Claim 33, wherein the logic is further operable to generate a validation request based on the customer information, receive a validation response indicating the validity of the customer information, and analyze the validation response to determine the validity of the customer information.

38. (Previously Presented) The logic of Claim 33, wherein the logic is further operable to effect the determination of whether the financial transaction involves a micro-payment as a function of at least one of: whether the amount of the financial transaction is below a predetermined threshold, a frequency of such financial transactions, and an identity of the customer.

39. (Original) The logic of Claim 33, wherein the logic is further operable to instruct the memory to store the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier to instruct a memory to store at least part of the transaction information.

40. (Original) The logic of Claim 33, wherein the logic is further operable to instruct the memory to store at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment.

41. (Original) The logic of Claim 33, wherein the logic is further operable to generate a fourth message to settle the financial transaction based on the stored part of the transaction information.

42. (Original) The logic of Claim 41, wherein the logic is further operable to generate the fourth message at a designated time.

43. (Original) The logic of Claim 33, wherein the first message includes merchant information, and the logic is further operable to:

determine the validity of the merchant information;

generate the second message if the merchant information is invalid; and

determine whether the financial transaction involves a micro-payment only if the merchant information is valid.

44. (Original) The logic of Claim 43, wherein the merchant information comprises a digital certificate.

45. (Original) The logic of Claim 43, wherein the logic is further operable to instruct the memory to store, in a buffer, at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment and is associated with the merchant information.

46. (Original) The logic of Claim 45, wherein the logic is further operable to generate a fifth message to settle all of the financial transactions based on the part of the transaction information stored for each financial transaction in the buffer.

47. (Cancelled)

48. (Previously Presented) An apparatus for processing financial transactions, comprising:

a communication interface adapted to be coupled to a communication link, the communication interface operable to receive information from and send information over the communication link, the communication interface further operable to receive a first message indicating the making of a financial transaction, the first message including customer information, merchant information, and transaction information;

a memory coupled to the communication interface, the memory operable to store information and a program;

a processor coupled to the memory, the processor, according to the program, operable to:

generate a validation request based on the customer information and the merchant information,

receive a validation response indicating the validity of the customer information and the merchant information,

generate a second message indicating non-authorization of the financial transaction if either the customer information or the merchant information is invalid,

determine, if both the customer information and the merchant information are valid, whether the financial transaction involves a micro-payment,

if the financial transaction involves a micro-payment, instruct the memory to store at least part of the transaction information in a buffer and generate a third message indicating authorization of the financial transaction,

if the financial transaction does not involve a micro-payment, generate an authorization request, receive an authorization response, and generate a fourth message indicating the authorization status of the financial transaction, and

generate a fifth message to settle the financial transaction based on the part of the transaction information stored in the buffer.

49. (Cancelled)

50. (Original) The apparatus of Claim 48, wherein:

the customer information comprises a digital certificate;

the merchant information comprises a digital certificate; and

the transaction information comprises the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier.

51. (Cancelled)

52. (Original) The apparatus of Claim 48, wherein the processor is further operable to instruct the memory to store the time of initiation of the financial transaction, the amount of the financial transaction, and a customer account identifier in the buffer to instruct the memory to store at least part of the transaction information in a buffer.

53. (Original) The apparatus of Claim 48, wherein the processor is further operable to instruct the memory to store at least part of the transaction information for each of a plurality of financial transactions that involves a micro-payment in the buffer.

54. (Original) The apparatus of Claim 48, wherein the processor generates the fifth message at a designated time.

55. (Previously Presented) The apparatus of Claim 12, wherein the processor is further operable to generate a message to settle all of the financial transactions stored in the buffer as a function of at least one of: the number of financial transactions in the buffer, an aggregate value of the financial transactions in the buffer, and the occurrence of a designated time.

56. (Previously Presented) The method of Claim 26, further comprising generating of a message to settle all of the stored financial transactions as a function of at least one of: the number of stored financial transactions, an aggregate value of the stored financial transactions, and the occurrence of a designated time.

57. (Previously Presented) The logic of Claim 40, wherein the logic is further operable to generate a message to settle all of the financial transactions stored in the memory as a function of at least one of: the number of financial transactions in the memory, an aggregate value of the financial transactions in the memory, and the occurrence of a designated time.

58. (Previously Presented) The apparatus of Claim 48, wherein the processor effects the determination of whether the financial transaction involves a micro-payment as a function of at least one of: whether the amount of the financial transaction is below a predetermined threshold, a frequency of such financial transactions, and an identity of the customer.

59. (Previously Presented) The apparatus of Claim 53, wherein the processor is further operable to generate a message to settle all of the financial transactions stored in the memory as a function of at least one of: the number of financial transactions in the memory, an aggregate value of the financial transactions in the memory, and the occurrence of a designated time.